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General Government

Budget function 800 includes a collection of legislative and executive branch programs that support the general responsibilities—the "nuts and bolts"—of running the federal government. Those programs fit broadly into three categories: revenue collection and financial management, general administration and personnel operations, and certain grant assistance to state and local governments. The Internal Revenue Service accounts for the largest component of spending in function 800. Other large accounts include payments for claims and judgments, the General Services Administration's Federal Buildings Fund, and salaries and expenses for Congressional offices.

Mandatory outlays for function 800 grew from about $1 billion in 2000 to almost $6 billion in 2004. Most of that increase resulted from $5 billion that the Congress provided in both 2003 and 2004 for temporary fiscal assistance to states. Such assistance has not been provided for 2005. Recent increases in discretionary outlays stem primarily from the more than $2 billion appropriated for election-reform grants during the 2003-2004 period.

Federal Spending, Fiscal Years 2000 to 2005 (Billions of dollars)

	2000	2001	2002	2003	2004	Estimate 2005	Average Annual Rate of Growth (Percent) 2000-2004	Average Annual Rate of Growth (Percent) 2004-2005
Budget Authority (Discretionary)	11.9	14.1	15.1	17.1	16.9	16.2	9.1	-4.3
Outlays								
Discretionary	11.9	12.6	14.2	15.3	16.2	16.9	7.9	4.5
Mandatory	1.0	1.6	2.7	7.8	5.7	0.9	52.9	-83.4
Total	13.0	14.3	16.9	23.1	21.8	17.8	13.9	-18.3

800-01—Discretionary

Eliminate General Fiscal Assistance to the District of Columbia

(Millions of dollars)	2006	2007	2008	2009	2010	Total 2006-2010	Total 2006-2015
Change in Spending							
Budget authority	-154	-157	-160	-163	-166	-800	-1,675
Outlays	-154	-157	-160	-163	-166	-800	-1,675

The Constitution gives the Congress responsibility for overseeing the District of Columbia—a task that the Congress largely delegated to the city's government under the Home Rule Act of 1974. However, the Congress reviews and approves the District's proposed annual budgets and appropriates money to the city each year. Under the National Capital Revitalization and Self-Government Improvement Act of 1997, the federal government reduced the annual payment of general assistance to the District. In exchange, it agreed to fund the operations of the District's criminal justice, court, and correctional systems; assumed responsibility for paying off more than $5 billion in unfunded liabilities that the city owed to several pension plans; and provided special borrowing authority to the city. In 2005, federal assistance for those activities under the Revitalization Act makes up about 5 percent of the District's budget.

This option would eliminate fiscal assistance to the District that was not related to the specific obligations that the federal government assumed in the 1997 Revitalization Act. Such general assistance totals $152 million in 2005, including $40 million for school improvement, $26 million for tuition assistance to city residents, $15 million for emergency-planning and security costs, $6 million for libraries, and $5 million for improvements to foster care programs. Ending such assistance would reduce federal outlays by $154 million in 2006 and $800 million over the 2006-2010 period.

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The rationale for this option is that the federal government already relieved the District government of the cost of a substantial, and increasing, portion of its budget: criminal justice, Medicaid, and pensions. The proposed trade-off for assuming responsibility for those functions was ending other assistance, including the annual federal payment. Eliminating general assistance would be consistent with that policy. Moreover, it might give the District greater incentive to improve the delivery of services. Critics of the city's government contend that money is not the problem; with a budget of more than $8 billion in 2005, they say, the District has the resources to provide a full range of services to its residents.

One argument against this option is that the District still has major problems with its public schools, roads, and other essential services, which suggest a need for continuing financial assistance. In addition, eliminating federal funding for the city's tuition assistance program—which enables District residents to pay in-state tuition rates at public colleges nationwide or to receive up to $2,500 a year in financial aid at historically black colleges and universities—might undermine efforts to make the District more attractive to middle-class families. Further, in recent years, some federal assistance has been earmarked for charter schools and tuition vouchers, which has allowed the Congress to test those education approaches at the local level.

Another argument against ending general federal assistance is that the District of Columbia has few alternative sources of revenue. The Congress prevents the District from imposing commuter taxes on nonresidents who work in the city and benefit from its services, as many other cities do. (Two out of every three dollars earned in the District are earned by nonresidents.) In addition, more than 40 percent of city property—including property owned by the federal government or foreign nations—is exempt from local taxes. The District is also prevented from taxing income earned by Fannie Mae, a government-sponsored enterprise based in the city, as part of a general prohibition on state and local taxation of the income of government-sponsored enterprises.

800-02—Mandatory

Require the IRS to Deposit Fees for Its Services in the Treasury as Miscellaneous Receipts

						Total	
(Millions of dollars)	2006	2007	2008	2009	2010	2006-2010	2006-2015
Change in Outlays	-91	-93	-95	-96	-98	-473	-989

The 1996 appropriation act for the Department of the Treasury and various agencies authorized the Internal Revenue Service (IRS) to establish or increase fees for some services that it provides. The IRS has used that authority mainly to charge taxpayers a fee for entering into payment plans with the agency. Under the 1996 law, the IRS can retain and spend the receipts collected from such fees, up to an annual limit of $119 million. In 2004, it collected $83 million in fee receipts and spent $63 million.

This option would require the IRS to deposit all of its fee receipts in the Treasury as miscellaneous receipts, eliminating the agency's ability to spend them. That change would reduce the IRS's direct spending by $91 million in 2006 and $473 million through 2010 (assuming that the removal of spending authority did not substantially reduce the amount that the IRS collected in fees). However, those savings would be lost if the agency's annual appropriations—which total about $10 billion for 2005—were increased to make up for the lost fee receipts.

One rationale for this option is that processing payment plans with taxpayers is an administrative function directly related to the IRS's mission—getting citizens to pay the taxes they owe—and thus is a function for which the agency already receives appropriations. Another rationale is that the IRS does not directly use the receipts it collects from fees on installment agreements to pay for processing those agreements. Moreover, the current spending authority may give the agency an incentive to unnecessarily encourage taxpayers to pay their taxes in installments, or to seek new and unnecessary fees.

One argument against this option is that continuing to allow the IRS to generate and use fee receipts may help ensure that the federal government's main revenue collector has sufficient funding to fulfill its mission. A decrease of roughly $100 million in annual funding might negatively affect revenue collection. In addition, eliminating the spending authority could reduce the IRS's incentive to allow installment payments or its ability to provide for them, thus hurting taxpayers who would benefit from such arrangements.

800-03—Mandatory

Eliminate the Presidential Election Campaign Fund

(Millions of dollars)	2006	2007	2008	2009	2010	Total 2006-2010	Total 2006-2015
Change in Spending							
Budget authority	-55	-55	-55	-55	-55	-275	-550
Outlays	0	-32	-198	-10	0	-240	-527

The Presidential Election Campaign Fund provides for public funding of Presidential elections. It is financed exclusively by voluntary contributions from U.S. taxpayers, who can choose to earmark $3 ($6 on joint returns) of their annual federal income taxes for the fund. That money is used to provide matching funds for candidates in Presidential primaries, grants to sponsor political parties' Presidential nominating conventions, grants for the general-election campaigns of major party nominees, and partial funding for qualified minor and new-party candidates in the general election. All recipients of public funds must agree not only to abide by limits on contributions and spending but also to comply with a Federal Election Commission audit and to make any necessary repayments to the Treasury.

This option would eliminate the fund and stop the flow of public money to Presidential candidates and political parties. Savings from the option would not appear until 2007, during the next Presidential election campaign. Total savings through 2010 would amount to $240 million.

The Congress devised the funding program in the early 1970s to correct problems that were thought to exist in the Presidential electoral process, such as the disproportionate influence (or appearance of influence) of wealthy contributors; the demands of fund-raising, which prevented some candidates from adequately presenting their views to the public; and the rising cost of Presidential campaigns, which effectively disqualified candidates who did not have access to large sums of money.

Supporters of eliminating the Presidential Election Campaign Fund argue that public funding has done little to reduce the time or effort that candidates spend raising money from private sources. Moreover, they say, candidates have found numerous indirect means of circumventing the limits on spending, such as having political parties or special-interest groups pay for "issue advertisements." Supporters of this option also dispute the need to give public funding either to major parties and candidates, which are already well financed, or to minor parties and candidates, which have little chance of success. Finally, the proportion of taxpayers who choose to earmark part of their taxes for the fund has declined steadily over the past three decades to less than 12 percent, suggesting that the program has little public support.

Opponents of this option contend that public financing of Presidential elections limits the influence of special interests and wealthy contributors and allows poorly funded candidates to influence the national debate. They also argue that the money given to minor-party candidates (a small share of the total) allows such candidates to bring public attention to issues that might otherwise be ignored. Furthermore, opponents of eliminating the fund argue that taxpayer participation could be improved if the program's history and rationale—and the fact that participation does not increase a person's tax liability—were better publicized.

800-04—Discretionary

Eliminate Federal Antidrug Advertising

(Millions of dollars)	2006	2007	2008	2009	2010	Total 2006-2010	Total 2006-2015
Change in Spending							
Budget authority	-122	-124	-126	-128	-131	-631	-1,320
Outlays	-110	-124	-126	-128	-130	-618	-1,307

The Office of National Drug Control Policy (ONDCP) runs a program to test print and broadcast advertising, purchase media time, and evaluate the effects of national media campaigns to discourage the use of illegal drugs among young people. The agency is required to solicit donations from nonfederal sources to pay part of the costs of the program. In addition, the program received appropriations of $120 million for last year.

This option would eliminate ONDCP's antidrug media program, saving $110 million in outlays in 2006 and $618 million over the 2006-2010 period.

Supporters of this option argue that there is no solid evidence that media campaigns are effective in either preventing or reducing the use of illegal drugs. In an assessment of the program included in the President's 2005 budget, the Office of Management and Budget concluded that the effectiveness of antidrug advertising had not been demonstrated by independent, long-term evaluation. Some analysts claim that media ads do not reduce drug use by young people as effectively as treatment or interdiction does. Furthermore, because nonprofit organizations, such as the Partnership for a Drug-Free America, already conduct educational programs about the dangers of drug use, ONDCP's campaign may duplicate private or local efforts.

Opponents of eliminating the program argue that educating young people about the hazards of illegal drug use is a national responsibility. Some point to the "Just Say No" campaign begun by former First Lady Nancy Reagan in the 1980s as an example of the successful use of the national media to raise young people's awareness of the dangers of drugs. They also argue that the cost to the nation of drug abuse is so high that it is worthwhile to maintain a program that reduces drug use even slightly.